

**Connecticut General Assembly
Energy and Technology Committee**

**Testimony of First Wind on
S.B. No. 1 An Act Concerning Connecticut's Energy Future**

Senator Fonfara, Representative Nardello, Senator Witkos, Representative Hoydick, and other members of the Committee, I am Dave Wilby, director of external affairs for First Wind, and I would like to thank you for the opportunity to provide testimony on behalf of First Wind.

First Wind has significant concerns about the changes to the resources eligible for the Class I Renewable Portfolio Standard (RPS) proposed in section 8, subdivision 26 of the bill (starting on page 20, line 623). This provision would enlarge RPS Class I eligibility by removing the 5 megawatt (MW) size limit on hydropower; eliminating the requirements that hydro facilities be run-of-river and not "cause an appreciable change in the river flow"; and removing the requirement that a hydro facility be new (after July 1, 2003). We take no position on the remainder of the legislation at this time.

First Wind is an independent, New England-based wind energy company exclusively focused on the development, financing, construction, ownership, and operation of on-shore utility-scale wind power. First Wind has developed and currently operates wind energy projects in the Northeast, West, and in Hawaii, with a total installed capacity of 504 megawatts (MW). Of that amount, 270 MW is located in New England and New York, with another 100 MW now under construction in Maine and Vermont. All of the turbines First Wind has installed to date were manufactured by either GE or Clipper Windpower, now part of Pratt & Whitney Power Systems.

First Wind has been actively seeking opportunities in Connecticut to develop wind power for over a year. We are working with a number of landowners in the state to locate suitable sites and have identified potentially attractive prospects. Our analysis suggests that Connecticut is home to suitable sites for utility-scale wind projects that could make meaningful contributions to the state's energy mix.

As one of the larger developers and operators of wind power in New England, we would like to offer some information and real world perspective on renewable power policies and economics to the Committee in relation to your consideration of S.B. 1. As the bill is debated it is important to remember the original purpose of an RPS, which was to promote the addition of new renewable resources in Connecticut and the region in order to diversify the generation mix, reduce the environmental impact of energy production, and increase energy independence and self-sufficiency.

Our specific comments are as follows:

- **It is too early to determine whether New England's RPS targets are unrealistic.** The proposal to overhaul Class I eligibility seems predicated on an assumption that the current renewable targets may be unattainable, based on concerns raised in the Integrated Resource Plan (IRP) completed last year. The IRP, however, under-counted the renewables already in operation in New England and neighboring New York¹, and based on incomplete analysis, implied that the current New England RPS targets may be too ambitious. Projecting the future supply and cost of eligible renewable power is a very complex undertaking, and thus we would suggest allowing the ongoing RPS study by the Connecticut Energy Advisory Board (CEAB) to be completed before considering major revisions to the RPS statute.
- **Wind power is competitive with other sources of power in New England.** As illustrated by three recent long-term contracts for wind power signed by NStar (one with First Wind, two with Iberdrola Renewables), wind power can compete today with fossil fuels and other sources of electricity, and do so at a predictable, long-term price. Commenting on these three wind contracts, a key consumer advocate in Massachusetts applauded NStar "for the excellent price and terms it got for the renewable supply".² Moreover, we believe that the trend of wind power getting cheaper is likely to continue, despite the conclusion to the contrary in the IRP. Turbine technology is getting more efficient and is now making development possible in places that are less expensive to build in.
- **The Class I RPS has a meaningful influence on renewable power supply in the region.** Representing a combined 70% of the regional load, the policies of Connecticut and Massachusetts send a strong signal to investors about how New England plans to move forward on energy. Weakening Class I in the manner proposed in S.B. 1 would be interpreted by many as Connecticut no longer being fully committed to the RPS and its original objectives.
- **The changes proposed to Class I eligibility would likely have a dramatic impact.** Clearly, an impetus for the proposed

¹ New England currently has 318 MW of wind in operation, and another 199 under construction (nameplate capacity). Table 8 (p. 62) in the final IRP, as approved by the DPUC on Sept. 15, 2010, lists 97 MW. New York State had 1,275 MW of wind in operation at the end of 2010.

² Robert Ruddock, Special Counsel for Associated Industries of Massachusetts, quoted in Feb. 24, 2011 *AIM Business Insider*, "NSTAR Finds Inexpensive Wind Power", by Robert Rio.

changes to hydro eligibility for Class I is the idea that Hydro-Quebec (HQ) could import inexpensive hydropower over the Northern Pass line proposed by HQ, Northeast Utilities, and NStar. HQ could likely supply all the Class I requirements itself – and then some – with its enormous hydropower resources. Our rough estimate is that HQ could import 9-10 million RECs of hydro in 2011 (even without the Northern Pass import capacity). Furthermore, these changes would open up Class I to a significant amount of existing New England and New York hydro – approximately 17 million RECs per year based on our estimate. Current Class I REC demand is around 2-2.5 million, so to add potentially 26 million RECs per year to the pool supplying Class I would overwhelm the supply-demand balance. The effect would likely be to render Class I essentially valueless for any and all other renewable suppliers, and thus the RPS would no longer encourage new development of renewable resources.

Finally, we note that the ability of Connecticut and New England as a whole to achieve renewable power goals – and to do so economically – depends in significant part on rational siting policies. As the Committee reviews siting legislation this session, we encourage you to consider the effect on the ability to develop renewable projects in Connecticut at prices affordable to consumers.

Thank you for the chance to provide our thoughts on this important bill.

Dave Wilby
Director, External Affairs
dwilby@firstwind.com
207-228-6871